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IN THE

Supreme Court of the United States

OCTOBER TERM, 1938.

No. 591

BETHLEHEM STEEL COMPANY,

Petitioner,

against

ANGLO-CONTINENTALE TREUHAND, A. G., a Liechtenstein Corporation, N. V. ANGLO-CONTINENTALE TRUST MAATSCHAPPIJ (ANGLO-CONTINENTAL TRUST COMPANY), a Netherlands corporation, MONDIALE HANDELS-UND VERWALTUNGS, A. G., a Liechtenstein corporation, and HYDROPRESS HANDELS, A. G., a Liechtenstein corporation,

Respondents.

On Writ of Certiorari to the Supreme Court of the State of New York [New York County].

SUPPLEMENTAL BRIEF FOR RESPONDENTS, SUBMITTED UPON REARGUMENT.

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CLIFFORD R. SCHUMAN,
of Counsel.

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Respondents.

SUPPLEMENTAL BRIEF FOR RESPONDENTS, SUBMITTED UPON REARGUMENT.

I.

Preliminary Statement.

This case (together with Nos. 384, 495 and 590) was argued before this Court during the week of February 6, 1939. Since such argument, the opinion in the Court of Appeals below has been officially reported. 279 N. Y. 220 (1939). By order

of this Court entered April 17, 1939, this case and the associated cases were ordered restored to the docket and assigned for reargument on Monday, April 24, 1939, after the cases theretofore assigned for that day.

The questions from the Bench and the arguments at the Bar have suggested certain additional points which Respondents desire to call to the attention of the Court. Accordingly, the following is respectfully submitted as an addition to Respondents' Brief, dated February 4, 1939.

II.

SUMMARY OF ARGUMENT.

Petitioner is estopped from denying its liability upon the foreign money alternatives contained in the coupons. The prospectus under which these Bonds and coupons were issued, as well as the Bonds and coupons themselves, specifically provide for the fixed number of foreign monetary units payable, and Petitioner expressly reiterated its willingness and liability to the investing public to make such payments after the Joint Resolution had been enacted.

The administrative and executive construction of the Joint Resolution, and of the acts *in pari materia*, sustains our contentions.

Under established principles of law, the action taken by Congress in relation to monetary legislation on and subsequent to June 5, 1933, as well as its action and failure to act when viewed in the light of the decision in *Anglo-Continentale Treuhand, A. G.* v. *St. Louis Southwestern Railway Co.*, support Respondents' contentions that the Joint Resolution does not apply to the multiple currency features of the instruments sued upon.

One of the intents of Congress in the whole devaluation program was to secure a rising price level. A necessary and recognized corollary thereof was the increase in the prices for foreign money.

Every consideration of equity militates in favor of the payment demanded by Respondents; Petitioner actually received guilders on the security issue here in question; the power of the dollar, and the power of the guilder, which Petitioner originally received upon issuance, have both substantially decreased since issuance, and Respondents, foreigners, have suffered a real and substantial loss thereby.

The public policy of the United States, as a creditor country, dictates that there should be no repudiation of international debts; a construction of the Joint Resolution permitting domestic debtors to repudiate debts owing abroad, would undoubtedly result in foreign repudiation of American debts, with a consequent most unfavorable effect upon our domestic economy.

The arguments advanced in Petitioner's reply brief do not alter or impair the conclusions reached by us.

III.

ARGUMENT.

POINT A.

Petitioner is estopped from denying its liability upon the foreign money alternatives contained in the coupons. The Prospectus under which these Bonds and coupons were issued, as well as the Bonds and coupons themselves, specifically provide for the fixed number of foreign monetary units payable, and Petitioner expressly reiterated its willingness and liability to the investing public to make such payments after the Joint Resolution had been enacted.

When the Bonds were originally offered for sale in the United States, simultaneous offerings were made in London and in Amsterdam. The English text of the Dutch Prospectus appears at R. 81; for the information of the Court, a copy of the Dutch offering circular (in Dutch)—omitted in printing pursuant to stipulation (R. 86-87)—is attached hereto, marked "Appendix A." It is certainly

beyond question that the same representations, in respect of payment abroad of the fixed number of foreign monetary units, were made in the listing applications when the Bonds were originally issued, they having been originally listed on the New York, London and Amsterdam Stock Exchanges (R. 55-56).

The record thus clearly establishes from the very inception of the issue a fixed and unequivocal promise to the investing public on the part of Petitioner to pay, in Amsterdam, Holland, at the choice of Respondents, 62.25 guilders in respect of each coupon.

Respondents relied, in their purchase of the Bonds and coupons prior to January 11, 1934, upon the representations and promises contained in the offering circular and in the Bonds and coupons themselves.

On January 11, 1934, Petitioner specifically reiterated its liability and willingness to pay the coupons abroad in the specific number of foreign monetary units set forth therein (R. 57-59).[1] It appears from the record (R. 63 *et seq.*) that a considerable number of the Bonds from which the coupons sued upon were detached were purchased on or subsequent to January 11, 1934. It further appears (R. 69) that such "purchases between January and August were made in reliance on January letter".

As indicating that Petitioner intended its security holders to rely additionally upon the promise reiterated and contained in its letter of January 11, 1934, it appears that it actually paid the coupon maturing May 1, 1934 according to the views expressed in the letter of January 11 (see

[1] Petitioner itself admitted, in its letter of January 11, 1934, that the purpose of providing for payment in foreign countries was to facilitate their sale and distribution in such countries, and the collection of the principal and interest in the currencies of such countries, in specified amounts (R. 58).

As stated by *Madden & Nadler* in their work on "Foreign Securities" (1929), at page 299:

> "The purpose of providing for the payment of debt service of a loan in various currencies is two-fold; first, to increase the marketability of the loan by making it international in character; and second, to reduce the danger of exchange fluctuation.
>
> The larger the number of currencies in which the debt service is payable, the greater the safety to the investor, because it is not likely that all currencies will depreciate at the same time and to the same degree."

R. 53)—that is to say, specifically according to the tenor of the coupons as contended for by us, and without need for any additional documents such as Petitioner seeks to impose by the letter of August 7, 1934 (R. 59-60). See also pages 27-28, 51 of our main brief.

This reiteration and payment by Petitioner took place after the enactment of the Joint Resolution, with full knowledge thereof and with express reference thereto, and in response to a direct inquiry "as to the policy to be followed with respect to the payment of coupons on certain bond issues expressed to be payable in foreign currencies" (R. 57). Obviously, the letter of January 11, addressed to the New York Stock Exchange and published in its bulletin, was intended for publication to the investing public, and was written for the purpose of having the investing public rely thereon—whether such reliance might induce retention of securities previously purchased, or whether it might result in the subsequent acquisition of securities.

Thus with respect to the coupons acquired prior to January 11, 1934, the estoppel against Petitioner runs by reason of its previously expressed promises and by reason of its action in paying the same in foreign currencies. On and subsequent to January 11, 1934, all the foregoing elements of estoppel apply, and in addition thereto a further estoppel is created by the expressed reiteration of Petitioner's promise to pay the guilders abroad, contained in the letter of January 11, 1934 (R. 57-59).

It is, of course, well settled that where one thus relies (as did Respondents) to his detriment upon the acts or words of another, such acts or words having been done or uttered with intention that such reliance be placed thereon, the person performing such acts or uttering such words, is estopped from denying the liability thereby created. *Morgan* v. *Chicago &c. Railroad Co.*, 96 U. S. 716, 720 (1878).[2]

[2] In holding that an estoppel *in pais* existed, this Court used the following language (at p. 720):

"The appellee insists that the record discloses a case of estoppel *in pais*, and that the appellant is thereby barred from maintaining the claim which he seeks to enforce in this litigation. The principle is an important one in the administration of the law. It not infrequently gives triumph to right and justice where nothing else could save them

Not only, therefore, is there an estoppel *in pais*, but also, under the doctrine enunciated by this Court in *United States* v. *Moser*, 266 U. S. 236 (1924), it seems inescapable that even were this Court inclined to hold, in some other case, that the Joint Resolution bars payment such as Respondents seek (and we respectfully submit that it does not do so in any event), nevertheless under the circumstances of this case, having regard to the circumstances of acquisition and retention of the Bonds and coupons, and the judgment already had in the First Action herein (see our main brief, pp. 6 and 7), the judgment appealed from should be affirmed.

POINT B.

The administrative and executive construction of the Joint Resolution, and of the acts *in pari materia*, sustains our contentions.

The Joint Resolution was one of a series of acts relating to the currency. By the *Thomas Amendment* and the other relevant monetary legislation, American debtors were deprived of the right to hold gold or to receive payments in gold. In order to relieve them from payment of their indebtedness in a medium in which they were not permitted to receive the sums due to them, the Joint Resolution was necessary to and did implement the monetary scheme. Thereby an equal balance was created—as indicated in the *Norman*

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from defeat. It proceeds upon the ground that he who has been silent as to his alleged rights when he ought in good faith to have spoken shall not be heard to speak when he ought to be silent. *The Bank of the United States* v. *Lee*, 13 Pet. 107.

He is not permitted to deny a state of things which by his culpable silence or misrepresentations he had led another to believe existed, and who has acted accordingly upon that belief. The doctrine always presupposes error on one side and fault or fraud upon the other, and some defect of which it would be inequitable for the party against whom the doctrine is asserted to take advantage. *Merchants' Bank* v. *State Bank*, 10 Wall. 604."

At bar, Petitioner went further than the doctrine enunciated and applied by this Court in the *Morgan* case. Petitioner was not silent. It was active. It affirmatively reiterated its willingness and agreement to pay the foreign currencies, which agreement it now seeks to repudiate to the detriment of Respondents.

case[1]—between domestic receipts and domestic disbursements, which were thus put upon a common basis.

But neither the Joint Resolution, nor any of the other monetary legislation, confiscated the gold held abroad by domestics; neither did the Joint Resolution confiscate or devalue the foreign currencies owned by domestics, whether such foreign currencies were actually held within or without the United States.

Petitioner is a gigantic corporation, with an international business. It received the benefit of the increased value of any gold it might have held abroad. Its holdings of foreign exchange received the benefit of any increase in value which may have accrued in foreign exchange; debts which were payable to it in terms of foreign money (say, guilders) continued to be collectible and collected by it in such foreign money; there is no showing (and we may well assume that it is not a fact) that when the dollar was devalued, Petitioner automatically, either voluntarily or otherwise, reduced the number of guilders payable to it by any Dutch debtors. By the same token, the debts payable by it in terms of foreign currencies should continue to be payable in the same medium. The Joint Resolution did not affect, and did not intend to affect, payments promised to be made abroad.

In our main brief (p. 35) we show that the Joint Resolution could not impair the payment promised to be made in Holland and that legislation is territorial only and is confined to the limits over which the law-making power has jurisdiction.[2] The same conclusions have been reached by the Attorney General of the United States in construing the monetary legislation here involved.

Thus, on August 22, 1933, the Attorney General rendered an opinion to the Secretary of the Treasury in relation to the Joint Resolution, and to certain Executive Orders growing out of the monetary legislation.

The Secretary of the Treasury had inquired concerning an application for a license to export gold coin in order to

[1] *Norman v. Baltimore & Ohio Railroad Co.*, 294 U. S. 240 (1935).

comply with a contract entered into in Belgium in September, 1932 (which was prior to the enactment of the Joint Resolution), the contract being performable and payable in Belgium at "a stipulated price in gold dollars".

In his opinion (37 Op. Atty. Gen., 250, 252-253), the Attorney General discusses the Executive Order, sets out the Joint Resolution in full, and, at page 253, uses the following language:

> "It is well established that the laws of a country have no extra-territorial force. *Pennoyer* v. *Neff*, 95 U. S. 714; *Hilton* v. *Guyot*, 159 U. S. 113.
>
> It is also well established that the nature, validity and interpretation of contracts are governed by the laws of the country where the contracts are made and are to be performed. *Bank of United States* v. *Donnally*, 8 Pet. 361; *Scudder* v. *Union National Bank*, 91 U. S. 406; *Withers* v. *Greene*, 9 How. 213.
>
> Since the contract involved herein was made and was to be performed in Belgium, **the rights and obligations of the parties are to be determined in accordance with the laws of Belgium and not by the laws of the United States.** What the laws of Belgium are in this respect is a question of fact, in regard to which I am unable to advise you.[4] However, assuming that the contract is valid and enforceable under the laws of Belgium, it follows that gold coin is actually required by the applicant for fulfillment of the contract." (Emphasis ours.[5])

The analogy to the case at bar is obvious.[6]

The contract at bar was entered into in 1912, more than twenty years prior to the enactment of the Joint Resolution: the payment in the case at bar was promised to be made in guilders in Holland at the choice of the holder, and the holder did actually exercise such a choice (see main brief, pp. 4-5.

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[4] The record in the instant case (No. 591) is the only record in any of the four multiple currency cases now being argued which contains proof of Dutch law in respect to the enforceability of alternative obligations.

[5] Unless otherwise noted, all emphasis in this brief is ours.

[6] As a matter of fact, payment in Holland in guilders (which are not mentioned in the Joint Resolution) is certainly more permissible than payment in gold coin which (if made in the United States) is specifically condemned.

item 6, and Record at pages referred to therein); and, even stronger than the case under review by the Attorney General, the record at bar clearly sets forth the applicable laws of Holland (the place of performance), both in respect of alternative promises, and in respect of monetary legislation (R. 51; see also our main brief, pp. 38, 48, 77, 79-81)—and those applicable laws compel the payments Respondents seek.[7]

The administrative and executive construction thus placed upon the monetary legislation, in consonance with the construction placed thereon by Respondents, is persuasive. Cf. *Norwegian Nitrogen Co.* v. *United States*, 288 U. S. 294, 313, 315 (1933); *United States* v. *Shreveport Grain & Elevator Co.*, 287 U. S. 77, 84, 85 (1932).

POINT C.

Under established principles of law, the action taken by Congress in relation to monetary legislation on and subsequent to June 5, 1933, as well as its action and failure to act when viewed in the light of the decision in *Anglo-Continentale Treuhand, A. G.* v. *St. Louis Southwestern Railway Co.*,[8] support Respondents' contentions that the Joint Resolution does not apply to the multiple currency features of the instruments sued upon.

Congress is, of course, presumed to know the law and to enact its legislation in the light of existing court decisions. *Sutherland, Statutory Construction*, p. 929.

The Joint Resolution was enacted June 5, 1933. The *St. Louis Southwestern* case was decided in the District Court for the Southern District of New York by Judge Knox, on July 5, 1935. Judge Knox predicated his decision

[7] See further on this point our main brief (pp. 71-72) in relation to losses of consular officers and employees in foreign countries, due to appreciation of foreign currencies (Act of March 26, 1934, as amended), and references to the Philippine Act of June 19, 1934, and see also 38 Op. Atty. Gen. 71 (1934).

[8] 81 Fed. (2) 11 (C. C. A. [2], 1936); cert. den. 298 U. S. 655 (1936).

partly upon the decision of Judge Lindley, in the *McAdoo* case[9] (which was decided on June 13, 1935).

The opinion of the Circuit Court of Appeals (2nd) affirming Judge Knox's decision was dated January 13, 1936; petition for a writ of certiorari was filed with this Court February 29, 1936, and was denied on April 6, 1936.

All steps of the multiple currency litigation involved in the *St. Louis Southwestern* case received the widest publicity.[10]

Although other monetary legislation relating to devaluation of the dollar, and referring to the Joint Resolution, has been passed by Congress, no single word or syllable appears in any of the legislation which would indicate that Congress disagreed with the conclusions reached by Judge Knox and by Judge Hand in the *St. Louis Southwestern* case. In the light of recent Congressional history, it is incredible, if Congress had thought that these decisions construed the Joint Resolution differently from the manner in which Congress had intended it should be construed, that Congress should have failed to take appropriate action to remedy this condition.

The Congressional action taken following the decision of the *Perry* case[11] serves as a valid illustration for our point.

The decision in the *Perry* case was rendered February 18, 1935. Congress evidently desired to remedy the situation created by the *Perry* decision (to the effect that the Govern-

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[9] *McAdoo* v. *Southern Pacific Co.*, 10 Fed. Supp. 953 (N. D. Cal., S. D., 1935); reversed solely on jurisdictional ground and remanded, 82 Fed. (2) 121 (C. C. A. [9], 1936).

[10] Judge Knox's decision in the Federal District Court was commented upon in a leading editorial in the "New York Times" on July 20, 1935, and was also reported in leading newspapers in at least ten other cities, located in six States. The opinion of the Circuit Court of Appeals for the Second Circuit was noted at considerable length in eight New York City newspapers and in at least fifteen newspapers located in eight different cities and in seven different States. Reports of the application for a petition for certiorari filed on February 29, 1936, appeared in at least sixty-two newspapers, located in fifty-two cities and in twenty-six States in addition to the District of Columbia. Lastly, denial by this Court of the petition for writ of certiorari in the *St. Louis Southwestern* case on April 6, 1936, was carried in reports contained in at least 138 newspapers, located in 107 cities and in thirty-five States in addition to the District of Columbia.

[11] *Perry* v. *United States*, 294 U. S. 330 (1935).

ment could be sued upon its evidences of indebtedness), and was very prompt to take action in that regard. A Bill was immediately introduced (H. J. Res. 348) withdrawing the right to sue the United States on its bonds, and for other similar purposes; as early as July 12, 1935, the Bill in final form had already reached the Committee of the Whole House on the state of the Union, together with Mr. Steagall's majority report, and together also with a minority report. See *Report No. 1519, 74th Congress, 1st Session.*

The Bill actually became a law on August 27, 1935, just six months after the decision in the *Perry* case, and is now found in *31 U. S. C. A.* (*Money and Finance*) as *Sections 773-a, 773-b, 773-c and 773-d. Section 773-b* withdraws consent to sue the United States and *Section 773-d* reads as follows:

> "As used in 773a to 773c of this title the phrase 'gold clause' means a provision contained in or made with respect to an[12] obligation which purports to give the obligee a right to require payment in gold, or in[12] a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, declared to be against public policy by section 463 of this title; and the phrase 'securities of the United States' means the domestic public debt obligations of the United States, including bonds, notes, certificates of indebtedness, and Treasury bills, and other obligations for the repayment of money, or for interest thereon, made, issued or guaranteed by the United States. (Aug. 27, 1935, 6:00 p. m., c. 780, §4, 49 Stat. 939.)"

In *Greenleaf* v. *Goodrich,* 101 U. S. 278, at page 281 (1879), this Court said:

> "Undoubtedly, acts of Congress *in pari materia* are to be construed with reference to each other."

[12] The article "an" reads "any" in the Joint Resolution; the word "in" is absent from the Joint Resolution; otherwise the language used is identical.

In *Polk* v. *Wendall*, 9 Cranch. 87 (1815), at page 95, this Court stated:

> "As all laws on the same subject are to be taken together, it is argued, that this act shows the sense of the legislature, respecting the mode of surveying entries, and must be taken into view, in expounding the various statutes on that subject. It evinces unequivocally the legislatiye opinion, that as the law stood previous to its passage, a joint survey of two entries, belonging to the same person, or to different persons, could not be made."

In the light of the *St. Louis Southwestern* decision, and the doctrine above enunciated, it is especially significant that the definition of the phrase "gold clause" is re-enacted in this law, in words essentially identical with those which appear in the Joint Resolution. It is incredible that these words should have been re-enacted by Congress, limiting their impact to the "gold clause" as defined, if Congress had intended that the Joint Resolution itself should affect the multiple currency features of bonds and coupons—in fact, the re-enactment of the very phrase in another section of the same title as that in which the Joint Resolution appears, is a direct indication that Congress agreed that the Joint Resolution was correctly construed in the *St. Louis Southwestern* case, so far as concerned its impact upon multiple currency instruments. Nor is it incidental that the same language was used; its use must have been intentional, because in Section 773-d direct and specific reference is made to "section 463 of this title"—the Joint Resolution itself.[13]

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[13] Congress, having used the same language in this Act, must be considered as having also adopted the previous construction of the Joint Resolution. *Sessions* v. *Romadka*, 145 U. S. 29, 42 (1891); *Latimer* v. *United States*, 223 U. S. 501, 504 (1912); *Louisville Cement Co.* v. *Interstate Commerce Commission*, 246 U. S. 638 (1917), where, at page 644, this Court said:

> "* * * since no clearly controlling language to the contrary is used, it must be assumed that Congress intended that this familiar expression should be given the well understood meaning which had been given to it by this court."

While the *St. Louis Southwestern* case was not decided by this Court, nevertheless it was litigated to the highest Federal Court to which it could possibly go, and certiorari was denied by this Court.

In the House Committee Report (Report No. 1519, 74th Congress, 1st Session) the definition of the phrase "gold clause" is made clear (as it is also made clear in Section 773-d itself), the following language being used:

> "Section 4 makes clear the meaning of the phrases 'gold clause' and 'securities of the United States', as used in the resolution, defining a 'gold clause' as 'a PROVISION contained in or made with respect to an obligation payable in money of the United States which purports to give the obligee a right to require payment in gold, or in a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, declared to be against public policy by Public Resolution No. 10 of June 5, 1933' * * *" (p. 3).

It is thus apparent from Congress' own definitions that it is only the **"gold clause"** ***provision*** which was intended to be condemned.[14] (See, further, our main brief, Point B, pp. 21 *et seq.*)

In the same House Committee Report reference is made on page 2 to a construction by this Court of certain sections of the Judicial Code; and on pages 5 and 6, in the minority report, specific reference is made to the *Perry* case, and quotations therefrom appear,—all showing conclusively that Section 773-b was adopted specifically in the light of the decision of this Court.

The minority report also shows (p. 5) that the Attorney General and representatives of the Treasury Department appeared on the Bill and testified before the House Banking and Currency Committee, and that an Assistant Attorney General offered a substitute bill.

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[14] If it can be gathered from a subsequent statute *in pari materia* what meaning the Legislature attached to the words of a former statute, this will amount to a legislative declaration of its meaning. *United States* v. *Freeman*, 3 How. 556 (1845).

Inasmuch as Congress in this later statute construed the "gold clause" as we construe it, and more especially in the light of the fact that the *St. Louis Southwestern* decision had already been rendered, we believe that the construction for which we here contend is not only the correct one, but the one which Congress had in mind.

Having regard to the fact that the Attorney General had appeared as *amicus curiae* in the *Norman* case, it seems fair to assume that any error in construing the Joint Resolution which Congress or the Executive or Administrative Departments might have thought had been committed in the *St. Louis Southwestern* case would likewise have been corrected at the same time; the omission to legislate in respect to multiple currencies under these circumstances seems conclusive evidence that Congress agreed with that construction.

In *Alexander* v. *Alexandria*, 5 Cranch. 1 (1809), at page 7, Chief Justice Marshall said:

> "If, in a subsequent clause of the same act, provisions are introduced, which show the sense in which the legislature employed doubtful phrases previously used, that sense is to be adopted in construing those phrases. Consequently, if a subsequent act on the same subject affords complete demonstration of the legislative sense of its own language, the rule which has been stated, requiring that the subsequent should be incorporated into the foregoing act, is a direction to courts in expounding the provisions of the law."

See also: *The "Abbotsford,"* 98 U. S. 440, 444 (1878); *Anderson* v. *Pacific Coast S. S. Co.*, 225 U. S. 187 (1911)[15]; *Latimer* v. *United States*, 223 U. S. 501, 504 (1912); *Hecht* v. *Malley*, 265 U. S. 144, 153 (1923).

A later illustration of Congressional action is as informative as the one previously discussed.

At the time of writing this brief there is pending in Congress a Bill to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised by the President. *H. R. 3325, 76th Congress, 1st Session.*

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[15] Where, at page 199, this Court said:

> "For it will not be inferred that Congress, in revising and consolidating the laws, intended to change their effect unless such intention is clearly expressed. *United States* v. *Ryder*, 110 U. S. 729, 740; *United States* v. *LeBris*, 121 U. S. 278, 280; *Logan* v. *United States*, 144 U. S. 263, 302; *United States* v. *Mason*, 218 U. S. 517, 525."

That Bill was reported April 13, 1939, and committed to the Committee of the Whole House on the state of the Union on that day. *House Report No. 406, 76th Congress, 1st Session.* It was passed by the House of Representatives on April 21, 1939.

Page 1 of the Report shows that extended public hearings have been held, at which the testimony of the Secretary of the Treasury and various representatives of the Treasury Department and numerous economists and businessmen was heard. The Report (pp. 1 and 2) discusses the *Gold Reserve Act of 1934;* at page 2 it refers to the Tripartite Declaration of policy relating to monetary affairs, "which has since been adhered to by Belgium, the Netherlands, and Switzerland." It mentions that the "United States is under no agreement with the government of any foreign country to sustain the value of any other currency in relation to the value of the American dollar, * * *." It states that "In the present unsettled international situation, stability is given to international exchange rates by the existence of the power in the United States to deal promptly and effectively with currency depreciation abroad."

At page 3 it refers to "the international monetary and economic situation"; on the same page it quotes a letter, fourteen lines in length, from the President, dated January 19, 1939, in which this phrase is twice used.

At pages 3 and 4 it quotes a statement of the Secretary of the Treasury in which "international monetary relations" or "international exchange" or "principal currencies" is referred to a number of times; at page 4 it refers "to the exchange equalization of stabilization funds of foreign countries," naming the Netherlands and Switzerland on page 5 as countries to which gold may be sold by the United States for the purpose of stabilizing exchange funds.

In the minority report (p. 9) the following language appears:

> "In any event, nothing is to be gained by refusing to recognize the fact that the currency of one nation may—because of economic forces within that nation—be weaker than the currency of a much stronger na-

> tion. If the stronger nation attempts to follow the *depreciation* of the weaker nation, it simply means that the weaker nation will further devalue, and, to be consistent, the stronger nation again devalues."

One of the very purposes of H. R. 3325 is to enable the sale of gold by the United States to foreign countries, in order to stabilize their exchanges; the Netherlands is one of those countries; if, as clearly appears from Report No. 406, it is intended to sell gold to those foreign countries in order to enable them to maintain their exchanges, it is not logical to construe the Joint Resolution as being in derogation of the rights of foreigners to receive such foreign currencies abroad, simply because those foreign currencies now cost more than they formerly did.

Nowhere in the Bill or in the Report is any mention made of the multiple currency features of bonds or coupons, nor is any attempt made to override what Petitioner erroneously claims to be the erroneous conclusion of Judge Hand in the *St. Louis Southwestern* case, as to which certiorari was denied by this Court.

Almost four years have elapsed since Judge Knox's decision, and over three years have elapsed since the denial of certiorari in the *St. Louis Southwestern* case. The conclusion is irresistible that Congress would not have failed to act had it disagreed with the holding in that case.

In *Heald v. District of Columbia*, 254 U. S. 20 (1920), this Court, at page 23, approved the rule that:

> "* * * where provisions of a statute had previous to their reënactment a settled significance, that meaning will continue to attach to them in the absence of plain implication to the contrary. *Latimer* v. *United States*, 223 U. S. 501, 504; *Anderson* v. *Pacific Coast S.S. Co.*, 225 U. S. 187, 199; *Louisville Cement Co.* v. *Interstate Commerce Commission*, 246 U. S. 638, 644."

Appropriate language is also found in *People* v. *Bloom*, 193 N. Y. 1 (1908), where the Court considered a re-enact-

ment of a section of the New York Civil Practice Act which had previously been construed by it, using the following language at page 9:

> "We have quoted at length from these opinions, because they lay down a principle that governs the ruling in question. They establish the permanent effect of a waiver, and the legislature, *although it has amended the section several times since the earlier decisions were made, has not deemed it necessary to make any change in this respect. If it was not satisfied with our construction of the statute* that a waiver once made is general and not special, lasting and not temporary, *it could easily have provided that it should be limited to a particular purpose, person or trial. Its failure to do so has a bearing of special importance upon its intention,* when the history of the provision and the course of our decisions are taken into consideration."

If Congress was not satisfied with Judge Hand's construction of the Joint Resolution (certiorari denied by this Court) it could easily have provided otherwise. Paraphrasing the words of Judge Vann, in the *Bloom* case:

> "Its failure to do so has a bearing of special importance upon its intention, when the history of the provision,"

and Congress' subsequent enactments and reports, are considered.

POINT D.

One of the intents of Congress in the whole devaluation program was to secure a rising price level. A necessary and recognized corollary thereof was the increase in the prices for foreign money.

Every consideration of equity militates in favor of the payment demanded by Respondents; Petitioner actually received guilders on the security issue here in question; the power of the dollar, and the power of the guilder, which Petitioner originally received upon issuance, have both substantially decreased since issuance, and Respondents, foreigners, have suffered a real and substantial loss thereby.

At pages 38 *et seq.* of its main brief, Petitioner discusses its conception of the legislative history of the Joint Resolution, and the conditions which gave rise to its adoption.

At page 43 it uses the following language:

> "Thus, the first purpose expressed by the Congress in authorizing devaluation was to protect the foreign commerce of the United States *against depreciation in the values of foreign currencies.*"

Adopting this statement as a premise, it is apparent that foreign currencies must necessarily have risen, after devaluation, in relation to the dollar, and, far from being opposed to the spirit and intent of the Joint Resolution, payment in guilders (which are now more valuable than before devaluation) is expressly in line with the declared policy of Congress.

Congress apparently believed that the reduction of the gold content of the dollar would result in a reduction of the value of American money compared with foreign money, and an increase in prices at home. The cheaper American dollar (ergo, the more expensive foreign currency) was intended to make American goods cheaper for foreigners and stimulate exports, particularly, probably, agricultural exports.

The Administration intended a return to the price level of 1926, which it regarded as an equitable ratio for distributing the fruits of industry. A secondary, but even more important result Congress hoped would flow, was an increase in industrial output following the stimulus to industry, introduced by profit margins thus created.

Petitioner, both as a debtor and as a business institution, stood to gain by this policy so far as it proved operative, and did in fact so gain.

As appears from footnote 22 at page 53 of our main brief, only approximately $8,000,000 of Petitioner's multiple currency bonds are outstanding in the hands of the public, out of a total funded debt of approximately $166,000,000. In respect to $158,000,000 of its debt, therefore—approximately 95% thereof—Petitioner has benefited by the devaluation program.

In respect to the remaining $8,000,000 of debt—approximately 5% thereof—Petitioner has benefited to the extent that the "gold clause" has been stricken, but is being compelled to meet its obligation, according to the letter and spirit of the Bonds and coupons in respect of some part thereof.

It comes with poor grace out of Petitioner's mouth to contend that there is any injustice to it or to other debtors similarly situated, when it is compelled, in connection with this trifling percentage of its funded debt, to pay according to its promise.

On grounds of equity, therefore, particularly when historically considered, Petitioner has nothing of which it can justly complain. Petitioner, and other corporations similarly situated, have been the principal gainers by the whole devaluation program. Petitioner and other corporations similarly situated are seeking to secure "the whole pie" for themselves. If the devaluation program accomplished or accomplishes its purpose, commodity prices rise, with consequent higher prices and profits to the debtor (Petitioner), with no extra recompense to the creditor (Respondents).

Another important equitable consideration should be considered. Petitioner's creditors, both foreign and domestic, from the very date of issuance of these Bonds and coupons,

have suffered an economic hardship, initially because of the dollar inflation from 1914 to 1920. In fact, on only a few dates of payment during the entire life of the Bonds here in question, has Petitioner paid interest in dollars of as great a value as those it borrowed.

We append, as Appendix "B," an index of the general price level as published by the Federal Reserve Bank of New York, Reports Department and Research Department.

Taking the 1913 price level as the equivalent of 100, it appears clearly that at no time since 1912 (when the securities here in question were issued) has the dollar had the same purchasing power as it had at the time when Petitioner received it; in fact, in 1920, its purchasing power had decreased by 88%, and even at the present time, its purchasing power is at a discount of 55%.

Substantially similar results are seen when the dollar is viewed in the light of purchasing power, as expressed in terms of wholesale prices. See Appendix C hereto, "Bureau of Labor Statistics," "Purchasing Power of the Dollar Expressed in Terms of Wholesale Prices by Months."

In terms of pig iron, and in terms of composite finished steel, Petitioner has likewise uniformly profited since the date of the issuance of these securities, as appears from the following tabulation compiled from "Metal Statistics, 1938," published by American Metal Market, New York. (Composite pig iron prices, appear at page 38, and composite finished steel prices appear at page 85 thereof).

COMPOSITE PIG IRON PRICES
(United States)

Year	*Dollars per Ton*
1912	14.82
1913	15.42
1914	13.52
1915	14.15
1916	20.31
1917	39.99

COMPOSITE FINISHED STEEL PRICES
(United States)

Year	*Cents per Lb.*
1912	1.62
1913	1.72
1914	1.52
1915	1.63
1916	2.80
1917	4.46

Year	Dollars per Ton
1918	34.38
1919	29.91
1920	43.80
1921	24.05
1922	25.00
1923	27.15
1924	21.87
1925	21.32
1926	21.06
1927	19.35
1928	18.32
1929	19.15
1930	18.18
1931	16.45
1932	14.99
1933	16.30
1934	18.64
1935	19.12
1936	20.00
1937	23.60

Year	Cents per Lb.
1918	3.79
1919	3.32
1920	3.63
1921	2.69
1922	2.31
1923	2.95
1924	2.84
1925	2.68
1926	2.64
1927	2.53
1928	2.50
1929	2.54
1930	2.32
1931	2.20
1932	2.15
1933	2.16
1934	2.42
1935	2.44
1936	2.41
1937	2.84
January 3, 1938	2.90

As to the Economic Situation in Holland (the Place of Payment).

Petitioner actually received guilders upon the sale of this issue of securities to foreigners in Holland.

Foreigners, who are entitled to demand and receive payment in guilders, have suffered real economic damage because the power of the guilder receivable by them to-day is of much less value than the power of the guilder which Petitioner borrowed.

At page 142, in *Yaarcijfers Voor Nederland 1937, Centraal Bureau Voor de Statistiek*, Gravenhage, 1938, appears "cost of living" index in the Netherlands.

The base is stated to be 100 for the period 1911-1913. No figures are reported for the period 1912-1922, but commenc-

ing with 1923, the "cost of living" index, as shown by said statistics, is as follows:

1923.....	174.2	1931.....	151.0
1924.....	177.4	1932.....	140.8
1925.....	178.6	1933.....	139.3
1926.....	168.0	1934.....	140.1
1927.....	167.6	1935.....	136.2
1928.....	169.2	1936.....	131.9
1929.....	167.9	1937.....	137.3
1930.....	160.9		

It thus appears that the purchasing power of the guilder, during the period 1923-1927, was at a discount of as much as 78% in 1925, and in 1937 (the last year covered by the report) was at a discount of 37%, so that no economic advantage is gained by holders of guilder coupons as compared with the value of the guilder which Petitioner received in 1912,—in fact, a distinct economic loss is suffered by them.

In the same publication, at page 136, appears an index of iron and steel prices in the Netherlands, which is as follows:

Year	*Iron*	*Steel*
1913.....	96	97
1927.....	118	162
1928.....	132	156
1929.....	126	157
1930.....	101	149
1931.....	86	139
1932.....	63	145
1933.....	66	145
1934.....	75	145
1935.....	82	139
1936.....	93	119
1937.....	154	171

Viewed in the light of Petitioner's own business, therefore, the power of the guilder demanded by Respondents is at a discount of between 58% and 73%, as compared with the guilder which Petitioner received.[16]

[16] It must be remembered that in this case Petitioner actually sold bonds and coupons in Holland and actually received payments in guilders abroad, and there is a great element of financial and economic justice in compelling it to repay, to foreigners who desire the same, the Dutch currency which it actually received from them.

The net result is that Petitioner has not paid interest in guilders of as great a value as those it borrowed.

Petitioner is to-day conducting an international business and, with specific reference to the Netherlands, it must be receiving either actual guilders or the dollar equivalent of the actual guilders for its sales in that country.

The economic situation at bar is different from that which prevailed in the *Norman* case.

In the first place, in the *Norman* case, no element of payment of foreign currencies in foreign countries was involved. In the second place, from an economic standpoint, the Court was dealing with a railroad corporation whose rates and fares were receivable in American money only, and the bonds of which were payable in American money only. This was expressly recognized by this Court when, among other things, Mr. Chief Justice Hughes, at page 315, used, *inter alia*, the following language:

> "The devaluation of the dollar placed the domestic economy upon a new basis. In the currency as thus provided, States and municipalities must receive their taxes; railroads, their rates and fares; public utilities, their charges for services."

The increase in the price level since 1912 created a condition whereby bondholders, both in the United States and in the Netherlands, with a fixed money income, faced a rising cost of living, and whereby Petitioner and other corporations similarly situated received higher prices for their products while enjoying relatively low fixed charges. The money of the creditors (both foreign and domestic) was thus used by such corporations as capital, the profits upon which went to the debtors. The charts heretofore referred to clearly show that during the entire life of the Bonds in question, even during the depression, the value (in terms of purchasing power) of the dollar was not equivalent, in terms of either (a) the cost of living, or (b) general prices, or (c) iron and steel products, to its value at the time the contract was made; and they also show that, during the same period, the value of the guilder (which was received by the

Petitioner in 1912), was not equivalent, in terms of either (a) the cost of living in the Netherlands (and presumably the general price level as well), or (b) iron and steel prices in the Netherlands, to its value at the time the contract was made.

The irresistible conclusion must be that, in equity, Petitioner has been at a relative economic advantage for upwards of twenty years, and that the depression only reduced but did not destroy this relative advantage.

The devaluation of 1933-1934 served only to increase Petitioner's relative advantage. It therefore would suffer no net economic loss even though it paid to these foreign holders the guilders which it had originally contracted to pay—actually it has enjoyed and continues to enjoy a very substantial aggregate gain.

It is thus made plain that real hardship will be imposed upon these foreign creditors if payment is not enforced in accordance with the letter and spirit of the Bonds and coupons, and that no hardship, either legal or economic, is imposed upon Petitioner if the judgment below be affirmed, as we respectfully submit it should be.

POINT E.

The public policy of the United States, as a creditor country, dictates that there should be no repudiation of international debts; a construction of the Joint Resolution permitting domestic debtors to repudiate debts owing abroad, would undoubtedly result in foreign repudiation of American debts, with a consequent most unfavorable effect upon our domestic economy.

As indicated in Point A (pp. 16 *et seq.*) of our main brief, this is not a "gold" or a "gold coin" or a "gold clause" case. Neither the spirit nor the intent of the Joint Resolution affect, or were intended to affect, the rights of foreigners, resident abroad, to demand and receive guilders in Holland, and no public policy inhibits such payment (see pp. 44 *et seq.* of our main brief).

Moreover, the international aspects of the issue in question and the effect of any decision with respect thereto deserve attention. To permit Petitioner to discharge in the United States in dollars, a promise payable in Holland in guilders, would result in a disruption of international vested rights. It would be equivalent to permitting a German corporation, for instance, which owed dollars in the United States, to discharge its obligations to pay such dollars in the United States by paying marks in Germany. In fact, German corporations have actually made such attempts, and have been uniformly rebuffed in our Courts (see cases cited at pp. 49-50 of our main brief).

There are numerous issues of foreign companies, municipalities and governments registered with the Securities and Exchange Commission, many of which are listed upon the registered exchanges in this country (as, for instance, the New York Stock Exchange and the New York Curb Exchange), and many others of which are unlisted, and all of which were presumably offered and sold to American investors.

Let us take as an illustration, for instance, the Gold Dollar Bonds issued by Siemens & Halske Aktiengesellschaft, a German corporation, which were sold in this country. Assume, as is the fact, that Germany has passed monetary legislation restricting or denying the payment of dollars upon these bonds. Our Courts do not recognize the validity of such legislation outside of the territorial confines of Germany, the place of performance specified in the bonds being America, and the unit of currency being the dollar. *Central Hanover Bank & Trust Co.* v. *Siemens & Halske Aktiengesellschaft et al.*, 15 F. Supp. 927 (U. S. D. C., S. D. N. Y., 1936), aff'd 84 F. (2d) 993 (C. C. A., 2nd, 1936); cert. den. 299 U. S. 585 (1936).

Inasmuch as the United States is a creditor country, the public policy of this forum must dictate that there should be no repudiation of international debts.

An examination of the current list of "Bond Quotations, New York Stock Exchange," under the heading, "Foreign Government and Cities", shows that dollar bond issues have been made by 106 different foreign debtors, aggregating an

indebtedness of approximately $3,280,988,000; a similar examination of the current list of "Bond Quotations, N. Y. Curb Exchange", under the heading, "Foreign Government Bonds", shows issues by twenty-four different foreign debtors, aggregating an indebtedness of approximately $172,000,000. This is in addition to private debts.

Foreigners would be encouraged to repudiate all these billions of dollars of debt, were this Court to construe the Joint Resolution in the manner urged by Petitioner, and such a construction might invite retaliatory measures. If American debtors could discharge their guilder bonds payable in Holland (which are after all insignificant in amount) by paying dollars in America, there is no reason why foreign debtors should not be permitted to discharge their dollar bonds payable in America (which are very large) by paying, say, depreciated marks in Germany at the pre-devalution rate of exchange. The construction of the Joint Resolution contended for by Petitioner might therefore result in the destruction of billions of dollars of investments in foreign bonds floated in this country, with the consequent disastrous effect upon our domestic economy. If our citizens expect to, and do, get paid in dollars on the loans of foreign debtors floated in America, reciprocity and the economic interests of the United States both demand that the insignificant number of outstanding issues of domestic corporations payable in foreign monetary units abroad, should be discharged according to their terms, when the holders of such bonds so elect. The Joint Resolution never intended otherwise. It should not, and cannot properly, be construed so as to accomplish any other result.

POINT F.

The arguments advanced in Petitioner's reply brief do not alter or impair the conclusions reached by us.

At pages 4, 5 and 6 of its reply brief Petitioner asserts that significance attaches to what it denominates the complete failure to attempt to meet certain of its arguments. This we deny.

As a matter of fact, all such arguments have been completely answered. A categorical review, as apparently desired by Petitioner, may perhaps, however, be in order.

1. Respondents take no position as to whether or not an alternative provision for payment in gold bullion would be reached by the Joint Resolution. Quite possibly, it might, but such a case is not here for determination. The Joint Resolution condemns "Every provision * * * which purports to give the obligee a right to require payment in gold * * *." Perhaps a payment in gold bullion might be reached by this language. That is a far cry, however, from Petitioner's assertion that payment in Holland of guilders (NOT mentioned in the Joint Resolution) is likewise reached by the same language. Petitioner, by urging such a *non sequitur*, can only confuse the actual issues.

2. Respondents do not urge that the "gold clause" provisions "never became invalid at all", as Petitioner seems to think. The "gold clause" provision actually became invalid under the terms of the Joint Resolution, but in the absence of an election by Respondents, to take "gold" or "gold coin", the question of their right to receive such payment never became an issue.

Petitioner's attempt to confuse the "gold clause" provision with the multiple currency provision can only be due to confused thinking. The holders of those "gold clause" bonds which also contain multiple currency features, had a different contract from that which was held by those bondholders who owned "gold clause" bonds only. In so far as their contract is the same, their treatment under the Joint Resolution is the same. In so far as their contract is different (i. e., in so far as it contains the additional alternative promise to pay foreign currencies abroad) their treatment under the Joint Resolution is entirely different, and they are entitled to recover.

3. Whether or not the ground upon which this Court sustained the resolution in the *Norman* case as an obstruction to the power of Congress over the currency, was the

dislocation of the domestic economy which would have resulted had debtors been required to collect their revenues in the new dollars, and to pay their debts upon the basis of the old, is not material to the issues at bar.

We have heretofore and in our main brief fully discussed the *Norman* case, have shown that no question of multiple currencies was there involved, and, further, we have shown that there is no dislocation of domestic economy involved in the payment demanded by Respondents. Furthermore, there is no showing, and it cannot possibly be a fact, that all Petitioner's revenues are collectible in the new dollars. Petitioner is doing an international business; in fact, the fair inferences are that its revenues are being collected in various currencies, including guilders.[17]

Furthermore, in the *Norman* case, the debtor had never received currency other than United States dollars, whereas at bar, Petitioner actually received guilders for these very securities.

And finally, this Court will not, we submit, fail to decide the constitutional, legal and economic aspects of Congressional legislation, in accordance with the true intent and meaning of that legislation, simply because one debtor speciously urges that performance of its just obligations will cost it more than it is willing to pay.

4. In Respondents' view (as set forth at pages 33-34 of our main brief), there is no reason why alternative foreign money payment provisions may not be employed in the future, as in the past, without either "nullifying" or contravening the Joint Resolution.

Furthermore, Petitioner's assertion that these Respondents are in a dilemma by a so-called "concession" claimed to be made by the Petitioner in No. 384, is wholly without foundation or relevance. These Respondents do not concede that any such provisions ever were intended or are now intended to "evade" the effect of the Joint Resolution, and no such concession was made by the petitioner in No. 384.

[17] Even were this not so, Respondents' legal rights could not be minimized or destroyed by reason thereof.

There is an element of speciousness in Petitioner's argument that a provision in an instrument, inserted in 1912 by Petitioner itself as an inducement to the foreign investing public to purchase Petitioner's securities, could possibly have been so inserted by the securityholders for the purpose of evading a statute which was enacted in 1933.

Respondents stand squarely upon the proposition that the multiple currency features of the Bonds and coupons are wholly valid and enforceable.

CONCLUSION.

The judgment appealed from should be affirmed.

Dated: New York, April 22, 1939.

Respectfully submitted,

HARRY HOFFMAN,
Counsel for Respondents.

HARRY HOFFMAN,
CLIFFORD R. SCHUMAN,
of Counsel.

APPENDIX A.

BETHLEHEM STEEL COMPANY.

UITGIFTE

VAN

$15,200,000 5 pCt. First Lien and Refunding Mortgage 30-jarige Goud Obligatien.

AFLOSBAAR 1 MEI 1942.

De betaling van hoofdsom en rente dezer Obligatiën is gegarandeerd door de Bethlehem Steel Corporation, welke garantie op elke Obligatie is afgedrukt.

Trustee voor de leening: Equitable Trust Company of New York.

Deze uitgifte maakt deel uit van eene geautoriseerde leening groot $ 50,000,000, waarvan, met inbegrip van het thans uit te geven bedrag, $ 17,500,000 uitstaande zullen zijn.

De Obligatiën worden uitgegeven in stukken aan toonder groot $ 1000 en $ 500, welke zoowel voor hoofdsom als rente op naam gesteld kunnen worden, terwijl stukken op naam weder in Obligatiën aan toonder kunnen worden verwisseld.

De leening is aflosbaar 1 Mei 1942, doch kan, naar keuze van de Maatschappij, op elken vervaldag van den interest geheel of gedeeltelijk à 105 pCt. plus loopende reute worden afgelost, mits hiervan twaalf weken van te voren is kennis gegeven.

De Obligatiën zijn voorzien van halfjaarlijksche coupons, vervallende 1 Mei en 1 November.

Hoofdsom en rente zijn betaalbaar te New York in gouden munt der Vereenigde Staten van of gelijk aan den tegenwoordigen standaard voor gewicht en gehalte en te Amsterdam tot den vasten koers van *f* 2.49 per $, zonder aftrek van eenige belasting, welke de Maatschappij verplicht mocht zijn daar-

over te betalen of daarvan af te trekken, ingevolge eenige bestaande of toekomstige wet van de Vereenigde Staten van Amerika of van eenigen Staat, Provincie of Gemeente daarin gelegen.

Er zal een Amortisatiefonds worden gevormd, waarin jaarlijks een bedrag van 2½ pCt. van de op dat tijdstip uitstaande Obligatiën moet worden gestort, welk bedrag echter nooit minder dan $ 300,000 zal mogen bedragen.

Op de basis der netto ontvangsten der Maatschappij over het boekjaar 1911 blijft er, alvorens rekening te houden met afschrijvingen en uitputtingen der ertsmijnen, doch na de betaling van alle vaste lasten, met inbegrip van die voor den dienst der amortisatiefondsen, op de voorafgaande leeningen een bedrag van $ 3,826,618 beschikbaar voor rente op deze $ 15,200,000 First Lien & Refunding Mortgage Obligatiën. Dit cijfer vertegenwoordigt dus meer dan vijfmaal het bedrag voor deze rente benoodigd en meer dan driemaal het bedrag van alle lasten dezer Obligatiën, met inbegrip der kosten voor den dienst van het amortisatiefonds.

De opbrengst dezer $ 15,200,000 Obligatiën zal worden aangewend:

tot intrekking van het geheele uitstaande bedrag groot $ 6,428,000 Bethlehem Steel Company 5-jarige 6 pCt. Verzekerde Goud-Notes;

tot aankoop van $ 2,668,000 Bethlehem Steel Company 5 pCt. First Extension Hypotheek Obligatiën, waardoor het uitstaand bedrag dezer Obligatiën tot $ 8,000,000 wordt teruggebracht, en

tot verschaffing van meerder werkkapitaal.

Van deze Obligatiën blijven $ 2,300,000 in portefeuille voor algemeene doeleinden der Maatschappij, terwijl de resteerende Obligatiën slechts onder in de hypotheek-akte nauwkeurig vastgestelde beperkingen mogen worden uitgegeven voor intrekking van de overige $ 8,000,000 5 pCt. First Extension Hypotheek Obligatiën en voor nieuwen aanbouw of voor verkrijging van meerdere bezittingen, onder bepaling

dat het bedrag der hiervoor uit te geven Obligatiën niet meer dan 90 pCt. van den kostprijs zal mogen vertegenwoordigen, en onder bepaalde voorschriften in verband met de ontvangsten.

De Heeren HOPE & Co. berichten, dat zij op

DINSDAG 21 MEI 1912,

TOT DES NAMIDDAGS 4 UUR,

ten kantore van de Heeren VAN LOON & Co. de inschrijving op bovengenoemde leening openstellen tot den koers van 90¾ pCt. (de $ gerekend à *f* 2.50.)

Bij overteekening zal de toewijzing zooveel mogelijk pondspondsgewijze plaats hebben.

De betaling moet geschieden op den 1 sten Juni 1912 met bijberekening van 1 maand rente à 5 pCt. per jaar.

Door de Heeren HOPE & Co. zullen recepissen worden uitgegeven, welke zoo spoedig mogelijk kosteloos zullen worden verwisseld tegen de definitieve Obligatiën, voorzien van de coupon vervallende 1 November 1912 en volgende.

Het recht wordt voorbehouden inschrijvingen eventueel te weigeren.

De inschrijving op deze leening wordt eveneens opengesteld:

te *New York* bij de Heeren HALLGARTEN & Co., HARVEY FISK & SONS en WILLIAM SALOMON & Co.

en te *Londen* bij de Heeren SALOMON & Co.

Voor verdere bijzonderheden deze Obligatiën betreffende, wordt verwezen naar achterstaande vertaling van een schrijven van den President der Bethlehem Steel Corporation.

AMSTERDAM, 17 Mei 1912.

APPENDIX B.

FEDERAL RESERVE BANK OF NEW YORK, REPORTS DEPARTMENT

INDEX OF THE GENERAL PRICE LEVEL

Varying weights 1913 = 100

Years	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1912	97	98	99	100	100	100	100	100	100	101	100	100

APPENDIX B (continued).

FEDERAL RESERVE BANK OF NEW YORK
RESEARCH DEPARTMENT

1913 = 100

INDEX OF THE GENERAL PRICE LEVEL—INCLUDING SECURITY PRI

REVISION OF 1928*

Years	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1913	100	100	100	100	100	99	100	100	101	101	100	100
1914	100	100	100	100	100	100	100	101	101	100	99	100
1915	100	100	100	101	101	101	102	103	104	107	107	108
1916	110	111	113	114	114	115	115	117	120	122	126	127
1917	128	130	132	136	139	142	141	142	142	142	141	143
1918	144	146	147	149	151	153	155	158	160	162	162	164
1919	163	161	162	164	167	170	174	176	176	178	181	184
1920	188	189	192	196	198	199	198	195	195	192	187	186
1921	177	172	170	167	164	162	160	160	159	159	159	158
1922	156	155	155	156	158	158	159	160	160	161	162	163
1923	165	164	165	165	166	166	165	165	165	166	166	166
1924	167	167	166	165	165	164	165	166	165	165	166	166
1925	169	169	169	168	168	170	170	171	171	172	173	173
1926	173	172	171	171	171	171	171	171	172	171	172	171
1927	170	170	170	169	170	171	170	171	173	173	173	174
1928	173	173	174	175	177	176	176	176	178	177	178	178
1929	179	179	180	179	179	179	181	182	183	181	174	174
1930	174	173	173	174	172	169	167	166	167	163	161	158
1931	157	157	157	155	153	150	149	149	147	144	144	140
1932	138	136	137	134	132	129	129	132	132	131	130	128
1933	127	124	123	124	127	128	132	132	133	133	133	132
1934	133	136	136	137	136	137	138	138	139	139	140	140
1935	141	142	141	142	143	144	145	146	147	148	149	149
1936	150	151	151	150	150	152	154	156	156	156	158	159
1937	161	162	163	162	162	162	163	163	161	158	156	155
1938	155	154	152	152	152	152	155	154	154	155	154	153
1939	155p	154p										

p = Preliminary

COMPONENTS OF THE GENERAL PRICE LEVEL

	Weight		*Weight*
Industrial Prices—Wholesale	10	7. Realty Value—Urban and Farm.	10
Farm Prices at the Farm	10	8. Securities—Bonds and Stocks	10
Retail Food—51 cities	10	9. Equipment and Machinery	10
Rents—32 cities	5	10. Hardware Prices	3
Clothing, Fuel, Furnishings, etc.—Retail	10	11. Automobile Prices	2
Freight—Transportation Costs	5	12. Wages—F. R. B., N. Y. Composite	15

*Published in Harvard Review of Economic Statistics February, 1928, by Carl Snyder and currently in the Monthly Review of Credit and Business Conditions of this bank.

Prices 72.5 (Over)

RENT SOURCES:

Industrial Commodity Prices at Wholesale; "All Other Than Farm and Food," U. S. Department of Labor.

Farm Prices at the Farm; Farm Prices of 47 Commodities, U. S. Department of Agriculture.

Retail Food Prices; 42 Articles of Food in 51 Cities, U. S. Department of Labor.

Rents; Cost of Housing in 32 Cities, U. S. Department of Labor (monthly changes interpolated arithmetically).

Other Cost of Living Items; Cost in 32 Cities of Clothing (wt. 4), Fuel and Light (wt. 1), House Furnishing Goods (wt. 1), and Miscellaneous (wt. 4), U. S. Department of Labor (monthly changes interpolated arithmetically).

Transportation Costs; Railway Freight Receipts per ton-mile. U. S. Interstate Commerce Commission.

Realty Values; Urban, Federal Reserve Bank of New York (wt. 4). Farm, Estimated Value per Acre, U. S. Department of Agriculture (wt. 1).

Security Prices; Preferred Stock (wt. 1), Common Stock (wt. 4), Inverted yield on 60 High-Grade Bonds (wt. 5), Federal Reserve Bank of New York, from data of Standard Statistics Company.

Equipment and Machinery, Federal Reserve Bank of New York.

(a) Electric Car Costs, J. G. Brill Co.

(b) Farm Machinery, U. S. Department of Agriculture.

(c) Telephone Equipment, Western Electric Company.

Wholesale Hardware Prices, U. S. Department of Labor.

Automobile Prices. Average Realized Prices, U. S. Department of Commerce.

Wages, Composite, Federal Reserve Bank of New York.

Wage indexes included in composite index, with weights

		Wts.			*Wts.*
1. Factory	E	35	7. Railroad Building Labor	R	2
2. Building	R	10	8. Retail Trade	+E	10
3. Railroad	E	5	9. Hotels	+E	3
4. Agricultural	R	10	10. Bituminous Coal Mining	+E	4
5. Teachers	R	8	11. Power, Light and Water	+E	2
6. Clerical	E	8	12. Telegraph and Telephone	+E	3

+ Available from 1929 only. E = Earnings. R = Wage rate.

APPENDIX C.

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
WASHINGTON

PURCHASING POWER OF THE DOLLAR EXPRESSED IN TERMS OF WHOLESALE PRICES, BY MONTHS 1890 TO 1940

(1926 = $1.00)

Years	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
		*	*	*	*	*	*	*	*	*	*	
1912	1.515	1.499	1.481	1.435	1.429	1.449	1.451	1.435	1.418	1.412	1.425	1.427
1913	1.422	1.433	1.431	1.435	1.451	1.449	1.439	1.435	1.416	1.420	1.427	1.431
1914	1.458	1.464	1.471	1.479	1.484	1.484	1.486	1.437	1.425	1.471	1.481	1.497
1915	1.468	1.458	1.466	1.456	1.449	1.464	1.445	1.458	1.464	1.425	1.295	1.282
1916	1.229	1.274	1.244	1.234	1.212	1.206	1.199	1.175	1.151	1.098	1.027	1.000
1917	.979	.957	.929	.876	.829	.820	.813	.801	.810	.818	.814	.805
1918	.800	.815	.791	.779	.781	.775	.758	.745	.727	.734	.734	.730
1919	.744	.770	.762	.752	.739	.737	.709	.693	.709	.706	.692	.699
1920	.634	.637	.631	.604	.598	.601	.603	.626	.644	.693	.769	.779
1921	.877	.953	.977	1.011	1.040	1.071	1.071	1.070	1.071	1.063	1.062	1.079
1922	1.094	1.076	1.078	1.073	1.041	1.038	1.006	1.014	1.007	1.004	.995	.988
1923	.980	.968	.957	.962	.981	.997	1.016	1.022	1.003	1.006	1.016	1.018
1924	1.004	1.003	1.015	1.028	1.043	1.034	1.046	1.031	1.030	1.018	1.009	.995
1925	.972	.962	.960	.981	.984	.971	.959	.962	.967	.965	.937	.937
1926	.969	.980	.994	.997	.995	.996	1.005	1.009	1.003	1.006	1.016	1.007
1927	1.036	1.044	1.056	1.063	1.062	1.063	1.060	1.050	1.038	1.035	1.038	1.035
1928	1.037	1.044	1.047	1.035	1.026	1.034	1.027	1.025	1.014	1.034	1.044	1.041
1929	1.043	1.048	1.041	1.047	1.056	1.050	1.036	1.038	1.041	1.052	1.070	1.073
1930	1.081	1.094	1.109	1.111	1.126	1.152	1.185	1.186	1.185	1.205	1.230	1.250
1931	1.279	1.302	1.316	1.337	1.366	1.387	1.389	1.387	1.404	1.422	1.433	1.449
1932	1.486	1.508	1.515	1.527	1.553	1.565	1.550	1.534	1.531	1.553	1.563	1.567
1933	1.639	1.672	1.661	1.656	1.595	1.538	1.451	1.439	1.412	1.404	1.406	1.403
1934	1.385	1.359	1.357	1.364	1.357	1.340	1.337	1.309	1.289	1.307	1.307	1.299
1935	1.269	1.258	1.259	1.248	1.247	1.253	1.259	1.242	1.239	1.242	1.241	1.239
1936	1.241	1.241	1.256	1.255	1.272	1.263	1.242	1.225	1.225	1.227	1.214	1.213
1937	1.164	1.159	1.139	1.136	1.144	1.147	1.138	1.143	1.144	1.171	1.200	1.201
1938	1.236	1.253	1.255	1.271	1.280	1.277	1.269	1.280	1.277	1.289	1.290	1.289
1939	1.300	1.300	1.304									